

ARKANSAS TEACHERS FEDERAL C. U.

08-12-2009

I would like to comment on the Card Act provisions.

I am the manager of a small credit union (Less than \$1 Million in assets. I will address some of the problems that will be encountered by our credit union as well as many other small to medium size credit unions.

The loans we make are open-end sub-accounts, this means advances can be made on the original loan but each advance has to be approved or rejected by a loan officer. If the advance is approved a new disclosure is provided disclosing any change in payment or interest rate. Most of our members are on payroll deduction and are paid semi-monthly; therefore, their loans are set up with semi-monthly payments.

In order to comply with the 21 day notice of payment rule, we would have to change all our loans to monthly payments and change from Quarterly to Monthly Statements. That means there would be an additional Nine (9) statement mailings per year. For small to medium credit unions, already struggling to make it, this would be cost prohibitive. This would also be confusing to members to have their due dates changed to a different date and the disclosure stating monthly payments when they are paying semi-monthly.

Members with good credit history want us to report that history to the credit bureau in order to improve their credit score. If we are unable to report due to the 21 day rule, those members will be very unhappy.

E. B. Hancock, Manager